ILLINOIS BUSINESS REVIEW

A MONTHLY SUMMARY OF BUSINESS CONDITIONS FOR ILLINOIS

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HIGHLIGHTS OF BUSINESS IN SEPTEMBER

Preliminary indications point to a banner fall season for business. Consumer spending, as reflected in rising department store and mail order sales during September, appeared to be heading for new highs. With business also increasing its outlays on capital expenditures and inventory accumulation, and with the construction boom continuing unabated, the demand for primary materials in some areas threatened to outstrip available supplies.

Symptomatic of this situation have been recent shortages, accompanied frequently by price increases, in a number of materials. These include copper, cement, iron ore, zinc, and natural rubber. Not the least important commodity to undergo further price increases was money. Rates on business loans have been rising steadily and at the end of the month the prime rate on bankers' acceptances, a major source of short-term loans, rose ⅛ to 3¼ percent, the seventh such increase this year.

Mounting Construction Activity

The value of new construction put in place in September rose to a new monthly peak of $4.0 billion. This brought the value of new construction in the third quarter of this year to a record $11.9 billion. After adjustment for seasonal factors, this figure corresponds to an annual rate of construction of $41.8 billion; actual outlays in 1954 came to $37.6 billion.

The boom in commercial building continued in evidence during September, outlays for this type of activity during the month exceeding $300 million for the first time. Expenditures for industrial facilities, churches, educational buildings, and highways were also maintained at record levels during the month. Private homebuilding declined somewhat but still remained substantially above year-ago levels.

Employment High

Although the number of people at work dropped 800,000 from the August high of 65.5 million, the employment situation in September was good. The decline in employment was due primarily to the return to school of teenagers who had held summer jobs and to slackened farm activity.

Reflecting these movements, as well as the over-all high levels of activity, was a decline in unemployment to 2.1 million. The unemployment figure for August was 2.2 million and for last September, 3.1 million.

In addition, factory workers' average weekly earnings rose to a new high of $77.90 in September, and surveys in cities with labor surplus problems showed marked upturns in employment. Further improvement is foreseen in the next two months by the United States Department of Labor in automobiles, coal mining, aircraft, shipbuilding, farm machinery, furniture, and consumer durables.

Manufacturers' Sales Heavy

Manufacturers did a thriving business in August. Sales totaled $27.5 billion, more than $4 billion above the figure for last August, and after seasonal adjustments, about $700 million above the July level. At the same time new orders increased even more, by $2 billion over the July figure to $29.0 billion. As a result, unfilled orders on the books of manufacturers at the beginning of September were up $1.5 billion to $52.2 billion; unfilled orders last September amounted to $47.4 billion.

A considerable portion of the spurt in new orders is attributable to increased demand for primary metals. Producers of machinery and transportation equipment have also received large amounts of new orders.

Inventory holdings of manufacturers rose by a substantial $350 million in August, after seasonal adjustment. At $43.9 billion, however, inventories at the beginning of September were only moderately ($1 billion) higher and the stock-sales ratio, at 1.6, was lower than a year ago.

Stock Market Falls Out of Bed

Nowhere was the reverberation of President Eisenhower's heart attack felt more sharply than on the stock market. On September 26, the Monday following the attack, the Dow-Jones index of 30 industrial stocks dropped 32 points to 456, and it is estimated that the value of stocks registered on the New York Stock Exchange dropped $13 billion, or about 9 percent. Only on October 28, 1929, when the Dow-Jones average plummeted 38 points, was a greater decline registered for a single day.

The subsequent recovery of the market did not at all match that of the President, exhibiting sharp fluctuations during the remainder of the month. The market may have been discounting in part a possible change in political climate next November and in part the fear of a downturn in business in 1956.

THE AUTOMOBILE INDUSTRY · · · · **By Hans Brems** · · · · **Page 8**

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Psychological Shock

The vulnerability of the stock market was demonstrated by the sharp decline following the onset of President Eisenhower's heart attack. Commentators almost unanimously described it as a shock to speculative psychology, some viewing it as a preventive for further excesses, others as a passing event of little or no lasting significance.

From a personal point of view, the decline represents a major tribute to the President. It bespeaks the enthusiastic following he has won as head of state. Confidence in his leadership was replaced by fears of disaster if the government should fall into less capable hands.

Where Individuals Don't Matter

Without detracting in any way from the President's accomplishments, it may be noted that these subjective reactions are in large measure mistaken. The course of government is not likely to be modified quickly if the reins of government are turned over to someone else in the next year or so, whichever party his successor may represent. Policies are hardly ever based on one man's decisions. The pressures from the electorate as a whole and from special segments of the community seldom allow a president much freedom. Occasionally a strong man assumes office, but his accession may mark the crystallization of community feeling on an important issue. Today, the country is highly unified on the broad outlines of policy, both domestic and international, and any important modification in policy would have to overcome tremendous inertia.

In our economic affairs, the importance of the individual is even less than in the realm of politics. The impact of any individual's decision is quantitatively limited, and its effects are moderated by the adverse decisions of other persons or groups moving in the opposite direction. The differences average out. The elder retires, the youth assumes responsibility, and the situation as a whole is not greatly changed. Things sometimes go on as if the individual doesn't count for anything at all.

At first glance, this detached view of the individual's worth to the economic community may seem rather shocking. The contrary view, which gives rise to this feeling, is based partly on our democratic philosophy, which elevates the welfare of the individual to the final goal of action. There is no argument on this point. We desire an economy directed toward meeting the wants of a free people. We feel that the individual's choice of a way of life must somehow determine what the economy is to accomplish. But in working toward that goal, the economy must maintain continuity and progress, and cannot become dependent on any individual. Not only is it unnecessary for the economy to lean heavily on any particular person or group, it is important that it should not do so.

Thus, the economy tends to go its own way in apparent disregard of what persons may say or do. Its movements are not completely determined, of course, but they progress through broad swings despite contrary decisions on the part of individuals who refuse to go along. When an individual holds back, like the mail order executive who refused to expand operations, he creates a vacuum into which others may move at his expense, maintaining the level of over-all activity. When another extends himself too far in seeking to take undue advantage of a situation, like the two new companies that entered the auto industry after the war, he incurs another kind of penalty. Defeat is likely to await any person or concern who struggles too strongly to avoid the requirements imposed by the economic environment.

Pre-Conditioned for a Setback

At this point the line of thought we have been pursuing breaks, running off along two seemingly divergent paths. On the one hand, if the individual is held to count for so little, it would seem that there must be something more than the incident of one person's misfortune to account for a severe market reversal. On the other, although the individual may be relatively insignificant, the sum of all individuals may not necessarily be so. An adequate explanation of the current situation requires that these two lines of thought be reconciled.

It would be futile to deny that when the sum total of economic men move in a certain direction, their action could be without effect. Ordinarily they move together only when there is real justification for such action. At times, however, there are concerted movements to extremes that are not justified by the underlying state of the economy. In a surge of optimism, the group as a whole may move too fast and extend itself too far. But when it does, it, too, finds its mistake revealed after a while.

Some of the enthusiasts who scoff at this idea insist that the economy is only an aggregation of persons and cannot do otherwise than they determine. This overlooks the fact that the economy is also an aggregation of things — goods of all kinds, capital equipment, and the structures in which we live and work. These things also influence the outcome. In fact, the rates of accumulation and disappearance of things ordinarily determine the decisions of persons. Too much may be accumulated, for a while, and the prices paid for each unit may be too high, but the movement cannot go on beyond the point where the excesses become apparent.

In an upswing of this kind, there are usually indicators which may be regarded as justifying the actions taken. Pressure of peak operations on available supplies tends to be magnified into artificial shortages by over-ordering. If the shortages are aggravated by strikes, as in copper, or by speculation, as in rubber, the price rises may be rapid. The shortages always seem most acute at

(Continued on page 6)

TALKING TURKEY

Traditionally, turkey heads the Christmas and Thanksgiving menus for the average American family — a custom which originated with the early New England colonists. At that time, wild turkeys were abundant in almost all parts of the United States and the early settlers found the neighboring forests almost as convenient as poultry yards. Today, with wild turkeys greatly reduced in numbers, the breeding and rearing of domesticated varieties has become a significant part of the American poultry industry.

The turkey is one of the few classes of domestic livestock which have their origins in America, and the many existing varieties are all descendants of the wild turkey which was partially domesticated by the Indians long before the discovery of this continent. The industry, however, is not limited to America. The birds were imported into Spain from America during the early sixteenth century and became distributed throughout the rest of Europe and England. In fact, some of the domesticated English and European stocks were brought back to America by later colonists and became the forerunners of our present six major varieties.

The Industry

Turkey growing is only a minor livestock industry despite its being one of the oldest agricultural pursuits in the country. This is because turkey in the past has been treated as a holiday dish, with sales restricted largely to Thanksgiving and Christmas.

The fact that prior to 1930 turkey growers had a tendency to breed large-sized turkeys, some weighing as much as 40 pounds, undoubtedly helped restrict family use of the birds. In recent years, efforts have been made to develop a small-sized strain of turkeys with a view toward meeting the demands of many housewives for dressed turkeys weighing 12 pounds or less. As a result, the turkey has increased in importance and the general public has become more conscious of the turkey, not only as a holiday treat, but as an added feature of everyday diet.

The average turkey grower has a considerable amount of capital invested in his farm. A minimum of 20 acres of actual range is needed for each 1,000 birds. Average costs of raising 1,000 turkeys might include $700 for poults (baby turkeys), $2,340 for feed, $750 for labor, and $245 for fuel, equipment, interest, and taxes, a total of $4,035. If his turkeys average 20 pounds in weight, and he has 20 percent mortality, at 1954 prices of 28.8 cents a pound his remaining 800 birds would bring him $4,608, leaving him a profit of $573 — not counting land cost. A sudden variation in market prices or in the cost of feed could mean the difference between prosperity and ruin.

Despite these problems, output of the turkey industry grew from 15 million birds in 1924 to 66 million in 1954, total sales in the latter year amounting to $325 million. Further increases in production hinge upon the ability of the industry to "educate" the consumer to accept turkey as part of his regular diet. The potential turkey-eating capacity of the consumer has by no means been reached, since only a little over one-third of a turkey per person is currently produced per year.

Development in Illinois

In 1890 Illinois ranked first in the nation in turkey production with 1,044,000 turkeys out of a national total of 10,754,000. However, by 1900 Illinois had fallen to third place with only 446,000 of 6,595,000 birds raised. During this period Illinois turkeys were hit by a disease scourge. As a result, farmers became discouraged, and the industry never recovered its position of prominence.

The development of modern commercial turkey feeds, artificial incubation and brooding, and new methods of disease control opened the way for large-scale commercial growing, which made its first appearance in the State in the late 1920's. The old farm sideline flock of 50 to 100 birds has gradually faded out of the picture and the majority of the farms that now produce turkeys raise from 1,000 to 5,000 birds annually. However, among the 250 turkey farms located in Illinois there are approximately 20 that may be classified as large-scale producers with flocks of over 10,000 birds each.

During 1954, Illinois turkey growers raised 926,000 birds, approximately the same number that they have been raising annually for the past 10 years. For the most part, Illinois growers dress and merchandise their own turkeys. As such, their business is mostly local, and few growers care to increase their production, since to do so would involve added expense, not only in processing, but in marketing as well.

Limits of Growth in Illinois

The large turkey producer is the only one likely to expand in this State. A good example is the Howard Kauffman Turkey Farm of Waterman, largest in Illinois, which has increased its production from 300 turkeys in 1933 to 72,000 in 1955. However, it is the exception rather than the rule in that it keeps its own breeding flock, has its own hatchery, and operates its own feed mill, thus keeping costs down to a minimum.

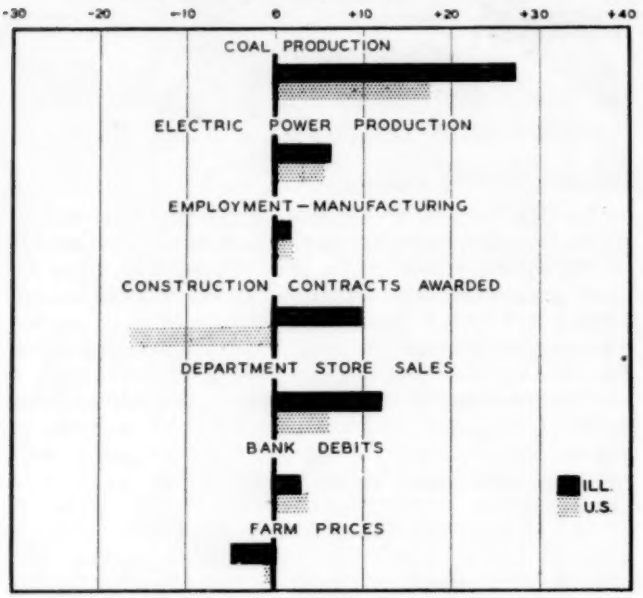
The fact that Illinois annually consumes three times the amount of turkeys raised locally might seem to offer a lucrative market for increased production, but here another factor becomes apparent. Turkey breeding and poult hatching tend to be more important in Illinois than growing for the consumer market, and most of the turkey poults are shipped to out-of-state growers with only a small percentage actually raised locally.

It appears that the development of smaller and better varieties of turkeys may promote the gradual expansion of the industry on a national basis. However, the average Illinois farmer does not seem inclined to undertake the added responsibility of a large complicated enterprise such as turkey raising, especially in view of the fact that a more certain income may be realized through other types of farming on our highly productive soil.

STATISTICAL SUMMARY OF BUSINESS ACTIVITY

SELECTED INDICATORS

Percentage changes July, 1955, to August, 1955



ILLINOIS BUSINESS INDEXES

Item	August 1955 (1947-49 =100)	Percentage Change from July 1955	Percentage Change from August 1954
Electric power[1]	223.3	+ 6.5	+22.3
Coal production[2]	76.4	+27.3	+17.7
Employment—manufacturing[3]	106.3	+ 1.7	+ 5.6
Weekly earnings—manufacturing[3]	141.8	− 1.0	+ 7.2
Dept. store sales in Chicago[4]	108.0[a]	− 6.9	+ 0.9
Consumer prices in Chicago[5]	118.5[b]	+ 0.3	+ 0.7
Construction contracts awarded[6]	329.7	+ 9.8	+49.6
Bank debits[7]	156.0	+ 2.8	+11.0
Farm prices[8]	77.0[c]	− 4.9	−13.5
Life insurance sales (ordinary)[9]	198.5	+ 6.8	+29.0
Petroleum production[10]	134.7	+ 0.8	+35.5

[1] Fed. Power Comm.; [2] Ill. Dept. of Mines; [3] Ill. Dept. of Labor; [4] Fed. Res. Bank, 7th Dist.; [5] U. S. Bur. of Labor Statistics; [6] F. W. Dodge Corp.; [7] Fed Res. Bd.; [8] Ill. Crop Rpts.; [9] Life Ins. Agcy. Manag. Assn.; [10] Ill. Geol. Survey.
[a] July, data; comparisons relate to June, 1955, and July, 1954. [b] Seasonally adjusted. [c] Revised series.

UNITED STATES MONTHLY INDEXES

Item	August 1955	Percentage Change from July 1955	Percentage Change from August 1954
	Annual rate in billion $		
Personal income[1]	305.0[a]	− 0.1	+ 6.4
Manufacturing[1]			
Sales	328.8[a]	+ 2.6	+18.6
Inventories	44.3[a, b]	+ 0.9	+ 2.8
New construction activity[1]			
Private residential	17.9	− 2.0	+13.6
Private nonresidential	15.3	+ 2.6	+11.2
Total public	14.6	+ 1.8	− 1.8
Foreign trade[1]			
Merchandise exports	15.2[c]	− 3.8	− 1.9
Merchandise imports	10.6[c]	− 5.7	+ 7.7
Excess of exports	4.6[c]	+ 0.9	−18.7
Consumer credit outstanding[2]			
Total credit	33.6[b]	+ 2.2	+17.1
Installment credit	26.2[b]	+ 2.7	+19.4
Business loans[2]	24.2[b]	+ 2.7	+16.2
Cash farm income[3]	24.7[c]	+ 5.8	− 5.8
	Indexes (1947-49 =100)		
Industrial production[2]			
Combined index	140[a]	+ 0.7	+13.8
Durable manufactures	158[a]	+ 1.9	+17.0
Nondurable manufactures	126[a]	0.0	+10.5
Minerals	120[a]	0.0	+10.1
Manufacturing employment[4]			
Production workers	106[a]	− 0.3	+ 6.7
Factory worker earnings[4]			
Average hours worked	102	+ 1.0	+ 2.8
Average hourly earnings	142	0.0	+ 5.6
Average weekly earnings	145	+ 1.0	+ 8.5
Construction contracts awarded[5]	248	−16.6	+20.5
Department store sales[2]	118[a]	− 4.8	+ 6.3
Consumers' price index[4]	115	− 0.2	− 0.4
Wholesale prices[4]			
All commodities	111	+ 0.3	+ 0.3
Farm products	88	− 1.6	− 8.0
Foods	102	− 1.2	− 4.2
Other	117	+ 0.8	+ 2.6
Farm prices[3]			
Received by farmers	86	− 1.1	− 6.5
Paid by farmers	112	0.0	0.0
Parity ratio	84[d]	0.0	− 5.6

[1] U. S. Dept. of Commerce; [2] Federal Reserve Board; [3] U. S. Dept. of Agriculture; [4] U. S. Bureau of Labor Statistics; [5] F. W. Dodge Corp.
[a] Seasonally adjusted. [b] As of end of month. [c] Data are for July, 1955; comparisons relate to June, 1955, and July, 1954. [d] Based on official indexes, 1910-14 = 100.

UNITED STATES WEEKLY BUSINESS STATISTICS

Item	1955					1954
	Sept. 24	Sept. 17	Sept. 10	Sept. 3	Aug. 27	Sept. 25
Production:						
Bituminous coal (daily avg.) thous. of short tons	1,605	1,662	1,714	1,587	1,622	1,377
Electric power by utilities mil. of kw-hr	10,756	10,580	10,155	10,706	10,906	9,072
Motor vehicles (Wards) number in thous	147	144	95	101	150	69
Petroleum (daily avg.) thous. bbl	6,671	6,684	6,655	6,662	6,685	6,184
Steel 1947-49=100	135	134	131	131	127	95
Freight carloadings thous. of cars	819	822	706	794	792	710
Department store sales 1947-49=100	121	125	108	125	111	118
Commodity prices, wholesale:						
All commodities 1947-49=100	111.4	111.4	111.1	110.5	110.5	110.0[a]
Other than farm products and foods 1947-49=100	117.9	117.9	117.8	117.1	117.0	114.4[a]
22 commodities 1947-49=100	89.6	89.8	89.8	89.2	89.2	90.7
Finance:						
Business loans mil. of dol	24,570	24,400	24,080	24,171	24,050	21,005
Failures, industrial and commercial number	171	191	205	215	180	212

Source: *Survey of Current Business, Weekly Supplements.*

[a] Monthly index for September, 1954.

RECENT ECONOMIC CHANGES

Employment, Unemployment Down

Employment declined in September as high school and college students dropped out of the labor force to return to their classrooms. Employment totaled 64.7 million workers last month compared with 62 million a year ago and in September, 1953. Unemployment continued its moderate downtrend, dropping by 88,000 to 2.1 million. This amounted to 3.2 percent of the labor force compared with 4.8 percent in September, 1954. Census data in thousands of workers are as follows:

	Sept. 1955	*Aug. 1955*	*Sept. 1954*
Civilian labor force	66,882	67,725	65,244
Employment	64,733	65,488	62,145
Agricultural	7,875	7,536	7,527
Nonagricultural	56,858	57,952	54,618
Unemployment	2,149	2,237	3,100

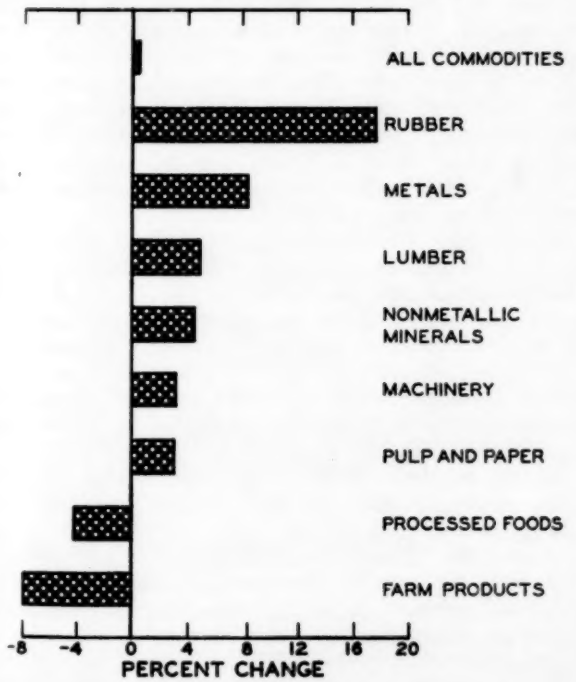
Price Stability Continues

Most consumer and commodity prices continued stable into the third quarter. The over-all consumer price index, at 114.5 in August, remained within the range of 112 to 115 percent of the 1947-49 base period that has existed since late in 1951. The wholesale price index has held steady between 109 and 111 percent since the beginning of 1953.

Stability of both retail and wholesale prices has resulted from the offsetting movements of their components. Consumer food prices, after declining in the second half of last year, have been rising slowly this year. Rents also continued slowly upward. The major offset to these advances has occurred in the transportation index, with declines in new and used cars concentrated in the actual prices, as opposed to the nominal list prices.

Wholesale price components have diverged more widely from the average than has been the case with consumer prices. Primary market prices of farm products, which have been declining more or less steadily since early 1951, are currently about a tenth below 1953. Prices of processed foods have also tended downward but at a slower rate. These declines have been balanced by rising prices of industrial commodities. The accompanying chart illustrates important price changes that have occurred in the past year. The advances are largely confined to items that reflect the fast pace of activity in the auto, construction, and producers' durable goods industries. Other prices have been relatively unchanged over the past year.

SELECTED WHOLESALE PRICES
(Percent changes, Aug., 1954, to Aug., 1955)



Source: Bureau of Labor Statistics.

Crop Prospects Deteriorate

Crop losses in the drought-stricken Central Plains and Midwest and in the hurricane-ridden East have cut sharply into earlier anticipations of production of some crops in 1955. Nevertheless, the Crop Reporting Board, according to its September 1 report, still expects 1955 output to be second only to 1948. The crop production index dropped 2 percent from August, leaving it only 2 percent below the 1948 record. The index of yields per acre, though also down from August, continued well above the 1948 record.

Corn, soybeans, and grain sorghums were hit hardest by low rainfall and high temperatures in July and August. In July a corn crop of 3.4 billion bushels was forecast, but the estimate was cut to 3.1 billion bushels by September. The present corn crop ranks only fifth among those of the past seven years. Soybean prospects were off one-twelfth in August to 388 million bushels. However, this exceeds the previous record by 14 percent. Sorghum grain output is expected to match the 1950 record, but prospects in major producing areas for even this drought-resistant grain were sharply reduced from earlier indications. In the East, losses in tobacco, vegetables, and other crops because of hurricane and flood damage were more limited and were expected to be offset by late forage growth in larger adjoining areas.

The Consumption Boom

Business expansion in 1955 is being spurred on by the free-spending, free-borrowing attitude of consumers. Consumers spent 94 cents out of each dollar of disposable income in the first half of this year compared with about 92 cents in the period from 1951 through the first half of last year, according to an article in the September *Survey of Current Business*. Hence, with the annual rate of disposable income at $264 billion, consumer expenditures (also at an annual rate) were $4 billion higher in the first half of 1955 than they would have been if the past two years' average ratio of 92.5 percent had been maintained. An important boost to consumption expenditures this year has been supplied by the unprecedented rise in consumer credit. In the first half, consumers financed an annual rate of $5 billion of their durable goods purchases with installment credit. This accounts for more than the total advance in consumption that has resulted from the unusual rise in the spendings ratio.

An increased share of this year's higher income has gone into expenditures for durable goods. In the first six months of 1955, consumers spent 13.1 percent of their income for durables, compared with about 11.5 percent in 1954 and 12 percent in 1953. The largest relative increase has been in the share of income spent for autos and auto

parts. These expenditures amounted to 6.3 percent of income this year compared with less than 5 percent last year and less than 5.5 percent in 1953.

Income Dips Slightly

The rapid rate of increase in personal income evidenced through July of this year was interrupted in August. Personal income declined slightly to $305 billion (seasonally adjusted annual rate) from $305.3 billion in July. The decline resulted from a reduction in payments to Federal government employees, who had received retroactive payments of $140 million in July under the recent pay increase voted by Congress. Income from all other sources rose by $125 million, or an annual rate of $1.5 billion, in August.

For the first eight months of 1955, the seasonally adjusted annual rate of personal income amounted to $299.3 billion, 4 percent above the same 1954 period. Most of the gain has centered in higher wage and salary payments to employees in private industry.

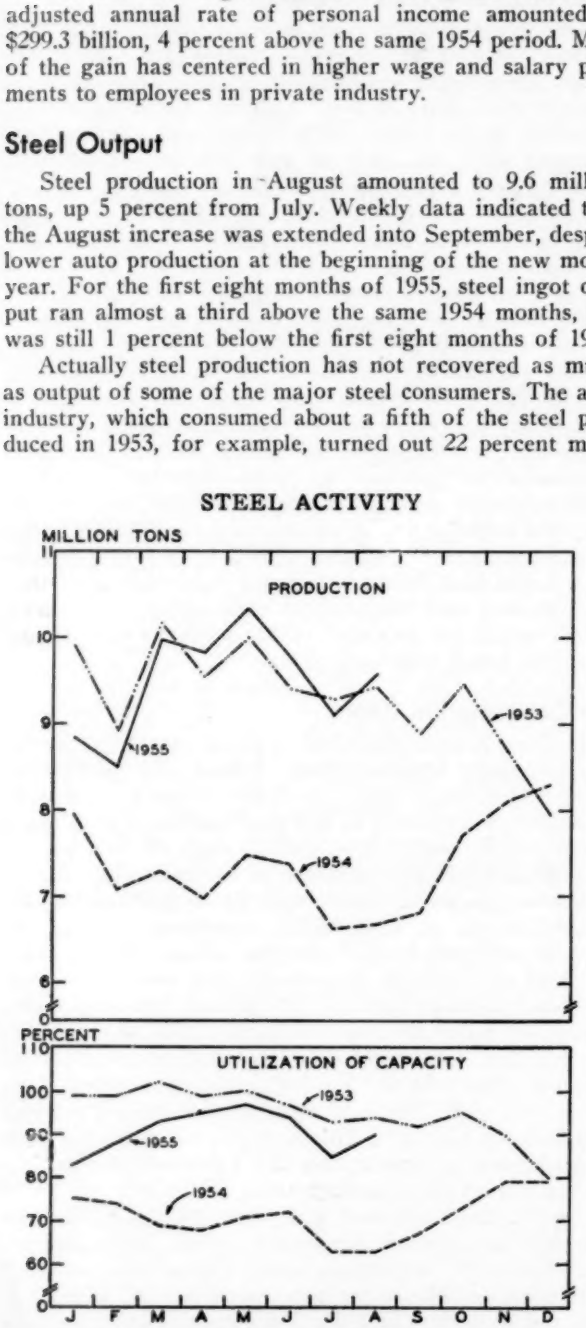
Steel Output

Steel production in August amounted to 9.6 million tons, up 5 percent from July. Weekly data indicated that the August increase was extended into September, despite lower auto production at the beginning of the new model year. For the first eight months of 1955, steel ingot output ran almost a third above the same 1954 months, but was still 1 percent below the first eight months of 1953.

Actually steel production has not recovered as much as output of some of the major steel consumers. The auto industry, which consumed about a fifth of the steel produced in 1953, for example, turned out 22 percent more autos and trucks in the first eight months of 1955 than in the same months of 1953. Expenditures for new construction, an industry which has consumed from 15 to 20 percent of steel output in the postwar period, were 19 percent above the first eight months of 1953. Output of transportation equipment so far in 1955 has also averaged somewhat higher than in the corresponding period of 1953. On the other hand, production of machinery, fabricated metal products, and other steel users, though up sharply from the 1954 lows, are still running below peak 1953 levels.

Although the steel industry produced nearly as much in the January-August period this year as in 1953, utilization of theoretical capacity has been less (see chart). Annual steel capacity at the beginning of 1955 amounted to 125.8 million tons, 8.3 million tons higher than at the beginning of 1953.

STEEL ACTIVITY



Source: American Iron and Steel Institute.

Regional Housing Vacancies

Final results of the Census Bureau's survey of housing vacancies indicate that, although vacancy rates are relatively low throughout the country, there is a fair amount of variation by regions. Vacant housing for sale or rent in the second quarter amounted to 2.3 percent of all dwelling units. This compares with 1.6 percent in 1950. Among the four geographic regions in the country, the lowest vacancy rate, 1.2 percent, was reported for the Northeast. In the North Central Region, 1.7 percent of existing dwelling units were vacant, whereas rates were considerably higher in the South, 2.9 percent, and in the West, 3.9 percent.

The percentage of vacant housing is lower within metropolitan areas, including the suburbs of large cities, than in other areas. City vacancies amounted to 2.0 percent compared with 2.7 percent elsewhere.

Psychological Shock

(Continued from page 2)

the peak, and the rising prices make the threat of inflation look real. Borrowing to finance the extreme spurt of expenditures is heavy, and the monetary authorities are induced to impose restraints, forcing interest rates, especially short-term rates, higher. These are typical symptoms, not only of inflation, but of temporary spurts in a situation where there is hardly any prospect at all of continuing inflation. The economy may then be said to be pre-conditioned for a setback.

Under these circumstances, any kind of shock may bring on the decline. The source of the shock may be economically unimportant in itself, like the President's illness, but since the economy is sensitized, the effect is like that of a more serious development. The reversal is in reality not a consequence of the event itself, but of the position previously attained. It had, in effect, become an economic necessity. Only the timing of its appearance was in question.

At the moment, the effects of the change are not clearly apparent outside the stock market. In the market, their importance lies in making it clear that prices can go down fast. Those who have decided to reduce their holdings in the light of this fact are now placing a restraint on recovery. If the economic situation begins to deteriorate before this liquidating movement is completed, the President's heart trouble may well mark the end of a great bull market. VLB

BUSINESS BRIEFS

PUBLICATIONS AND DEVELOPMENTS OF BUSINESS INTEREST

For a Warmer Winter

An electrically heated rubber mat, called the Electromat, has been designed for the many persons in offices and plants who complain of cold feet during the winter months. The mat is manufactured by the Interstate Rubber Products Corporation, 908 Avila Street, Los Angeles 12, California. Its electric power consumption is about that of a 100-watt light bulb, and the retail price is $7.95.

Westinghouse Electric Corporation, 410 Bush Street, San Francisco, has recently announced economical baseboard heating with electricity. The heaters come in two-foot sections which may be installed against the wall or recessed. The control panel allows room-by-room use of the system, thereby conserving heat and electricity.

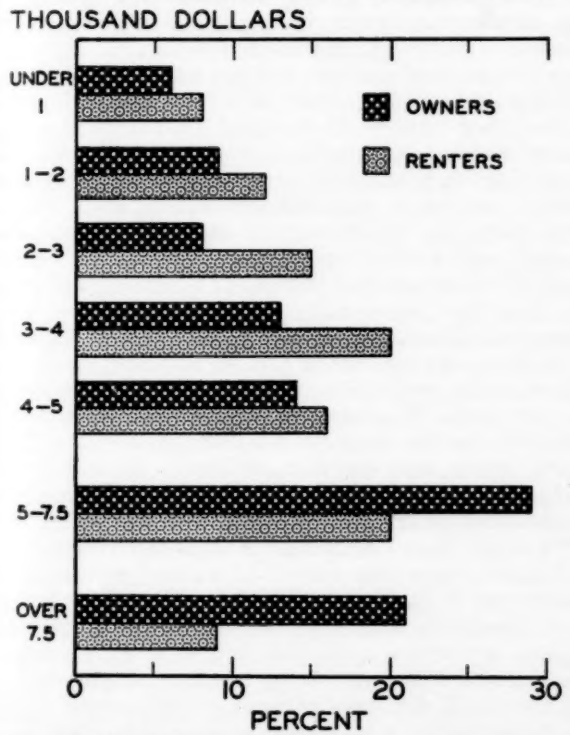
Sales Aids

Of interest to both manufacturers and distributors is a push-button grocery store now being manufactured by Vari-Vend, Inc., of Chicago. It is a super vending machine able to handle 36 products including dairy items, meat, eggs, and bread. The machine is designed for use in large apartment buildings or for after-hours service in grocery and dairy stores. It sells for $1,295.

To those who wish to reach stores rather than the consumer directly, two new directories are of interest. The *1955 Directory of Department Stores* lists more than 3,000 companies operating almost 11,600 stores, including both chains and independents. It also gives the headquarters address, the buying offices, merchandising managers, and other information important to potential salesmen. The volume is put out by Department Store Guide, Inc., 2 Park Avenue, New York 16, at a price of $40 per copy.

A similar volume for variety stores has been compiled by Variety Store Merchandiser Publications, 192 Lexington Avenue, New York 16. In addition to listing the buyers, headquarters, and lines of 1,400 variety chains, the directory contains information about independent stores, manufacturers of variety merchandise, jobbers, wholesalers, and equipment suppliers. Titled the *1955 Directory of the Variety Market*, it sells for $15 per copy.

HOME OWNERSHIP, BY INCOME GROUPS



Source: Federal Reserve Board.

Business Failures

A comprehensive study of business failures since 1940 has recently been completed by Dun and Bradstreet, Inc. *The Failure Record through June, 1955* classifies the data by location, industry, and age of the firm.

Significantly, California has passed New York as the state with the highest failure rate, although the latter still records the largest absolute number of failures. The rates range from a high of 117 per 10,000 firms in the Pacific states to only 14 per 10,000 in the West North Central area.

Retail trade concerns continue to account for the largest number of failures. Children's stores rank highest in failure rate, with appliance and sports stores not far behind. Package liquor stores boast the lowest rate, 8 per 10,000 as compared with 106 for children's stores. Mining and manufacturing firms rate second in number of failures, with furniture having the highest rate and lumber the lowest.

The failure rate is highest among new firms. Almost 60 percent of the failures come in the first five years, whereas less than 15 percent occur after 10 years.

The Vanishing Tenant

The trend toward home ownership continues. Since the turn of the century the number of owner-occupied houses has increased from 35 percent of all dwellings to 57 percent. In the last decade the number of owners has increased by about one-third. In part this large recent growth stems from high incomes and favorable mortgage financing. In large measure, however, the boom is merely a catching up from the disruption in the trend caused by the depression in the 1930's and the war in the early 1940's.

The proportion of persons owning their own homes increases with income level. For families with incomes under $4,000 it is less than 45 percent, whereas for those with incomes over $7,500 it is 75 percent. In general a larger portion of owners are in the higher income classifications and a large portion of renters are in the lower brackets. The differences, however, are not extreme, as is shown in the accompanying chart.

At least partly because incomes and savings tend to increase with age and also because older persons are more likely to be settled geographically, home ownership rises with age. The great jumps come in the earlier decades of family life. When the head of the household is between 18 and 25 years of age only 15 percent of the families are owners, whereas between 25 and 35 years the proportion increases to 43 percent and in the next ten years to about 60 percent.

THE AUTOMOBILE INDUSTRY

HANS BREMS, Associate Professor of Economics

For at least three distinct reasons, the automobile industry has recently attracted the attention of economists. The first is the unprecedented volume of output, running close to eight million units for 1955 as estimated by the industry itself. The second is the precarious situation of the independents, whose shares of the market are still running very much below their shares in the early 1950's. The third is the acceptance by the automobile industry of at least the principle of a guaranteed annual wage. The latter has recently been treated in the columns of this *Review*, so we shall confine ourselves to the first two subjects, i.e., output volume and market shares.

During the first nine months of 1955, 6.00 million passenger cars have been produced. This figure is higher than any previous first-nine-months figure. The previous record was set in 1950, when 4.99 million cars were produced during the first nine months. For the last three years the first-nine-months output has been as follows: 1953, 4.84 million; 1954, 4.12 million; and 1955, 6.00 million.

The 1955 figure has aroused optimism in the industry. "There is nothing," the president of the Studebaker-Packard Corporation told the press in September, 1955, "indicated in the present picture to show that 1956 will be anything less than 1955." At least to the present writer there are serious doubts on this point.

Size of the Normal Market

Roughly speaking, the "normal" output of automobiles depends upon two structural characteristics of the market, i.e., the rate of growth of the total stock of automobiles, and the average useful life of an automobile. The rate of growth of automobile stock determines the number of new cars needed to satisfy a larger population with higher real income increasingly on the move to the suburbs. The useful life determines the number of new automobiles needed to replace retired cars. (Ignoring the time a used car spends on the dealer's used-car lot we can say that when a new-car buyer trades in his used car, the latter will replace somebody else's still older car which in turn will replace someone's still older car until at the end of the chain a jalopy is junked.) What, then, are the values of the two structural characteristics, growth rate and useful life?

TABLE 1. PASSENGER CARS IN OPERATION IN THE UNITED STATES AS OF JULY 1, 1950-54

Year	Millions	Rate of growth
1950	35.9	
1951	38.5	7.2%
1952	39.8	3.4
1953	42.2	6.0
1954	44.4	5.2

Table 1 reproduces available information about the growth rate of automobile stock. Growth was abnormally low during the war and abnormally high after the war, but since 1950 the growth rate has settled at around 5.5 percent per annum. (The entire growth from 35.9 million cars in 1950 to 44.4 million in 1954 corresponds to a compound rate of growth of 5.5 percent per annum.) It might be added that the United States Bureau of Public Roads has estimated the rate of growth of passenger car stock from 1954 to 1955 at 5.1 percent, corresponding very well to the over-all average for 1950-54.

Table 2 reproduces data for the average scrapping age of automobiles calculated by the Automobile Manufacturers Association. The general impression is that scrapping age has increased slowly during prewar years and

TABLE 2. AVERAGE RETIREMENT AGE OF AUTOMOBILES, SELECTED YEARS

Year	Age in years
1925	6.5
1930	7.0
1935	8.3
1941	10.2
1952	14.3

rather abruptly between 1941 and 1952. The figure for the latter year, however, is influenced by abnormal wartime circumstances and will no doubt have to be somewhat reduced when used for prediction purposes.

All in all, then, a figure between 4 percent and 6 percent for the annual growth rate of automobile stock and a figure between 10 and 12 years for the useful life of an automobile would not seem entirely implausible. Mathematical methods will reveal that the "normal" automobile output under such circumstances corresponding to a 44 million automobile stock will be somewhere between 4.7 and 6.0 million units annually. This is very considerably less than the current output of close to 8 million units. Deviations of such magnitude are, of course, perfectly possible. The "normal" level is the level that can be expected in a smoothly growing automobile stock of even age distribution. But in any particular year the actual level may be much larger, just as the schoolrooms will be temporarily very crowded as a particularly large and numerous generation passes through school age.

What is happening, then, in 1955 is something that can be called "abnormal." Pushing new-car sales as vigorously as has been done by factories in 1955 will, first, depress new-car prices as actually paid by consumers. Dealer's profit here takes the first beating, with new-car prices shaved or discounted, and already the trade press abounds with letters from dealers blaming the present Ford-Chevrolet race for the low or negative profit margins they are experiencing. Second, however, dealers' attempts to dispose of the trade-ins will depress the used-car market, and the second beating will be taken by the consumer who suffers faster depreciation of the automobile he owns. Depressed used-car prices constitute a powerful stimulus to earlier retirement of jalopies (a slightly better used car costs so little). Thus the price mechanism will stimulate shorter life, enabling the market to absorb all the new cars, if not without pains.

There is some evidence of a short-run reduction of useful life temporarily reversing the long-run trend toward longer lives. This sort of thing is bound to happen when abnormally high sales are accompanying normally growing automobile stock. But there is as yet no indication that the structural characteristics, the growth rate and the useful life, have changed *nearly enough* to permit the current very high ratio between output and stock to last.

Trends in Shares of Individual Producers

Let us now leave aside the question of the size of the pie and concentrate upon its slices. Table 3 shows the market shares of the individual makes since the return to the buyer's market about 1948. To facilitate comparison with prewar market shares we have also reproduced the shares for the year 1941.

TABLE 3. NEW PASSENGER CAR REGISTRATIONS IN THE UNITED STATES, 1941 AND 1948-55

Make	1941	1948	1949	1950	1951	1952	1953	1954	1955 seven months
Buick	8.27%	7.01%	7.70%	8.47%	7.75%	7.47%	7.92%	9.28%	10.72%
Cadillac	1.61	1.70	1.67	1.61	1.92	2.11	1.72	1.99	2.04
Chevrolet	23.59	20.33	21.32	22.45	21.08	20.50	23.39	25.61	21.75
Oldsmobile	6.18	5.03	5.57	5.89	5.40	5.25	5.32	7.35	8.23
Pontiac	7.67	6.56	6.63	6.96	6.68	6.41	6.72	6.47	7.51
General Motors Total	47.32	40.63	42.89	45.38	42.83	41.74	45.07	50.70	50.25
Ford	16.14	13.95	16.67	18.43	17.04	17.61	19.45	25.30	21.23
Lincoln	.50	.93	.78	.54	.51	.70	.68	.65	.45
Mercury	2.19	3.94	3.86	5.03	4.61	4.47	5.02	4.88	5.12
Ford Total	18.83	18.82	21.31	24.00	22.16	22.78	25.15	30.83	26.80
Chrysler	3.83	3.02	2.70	2.39	2.95	2.73	2.68	1.84	2.37
DeSoto	2.44	2.36	2.14	1.82	2.23	2.20	2.13	1.39	1.78
Dodge	5.78	6.13	5.65	4.74	5.90	5.93	5.03	2.80	4.07
Plymouth	12.12	9.96	10.91	8.65	10.72	10.41	10.47	6.88	9.66
Chrysler Total	24.17	21.46	21.40	17.60	21.80	21.27	20.31	12.90	17.88
Hudson	1.96	3.14	2.85	2.12	1.91	1.89	1.16	.65	.67
Kaiser-Frazer	....	4.76	1.53	1.77	2.05	1.68	.58	.18	.02
Nash	2.09	2.98	2.80	2.79	2.78	3.43	2.40	1.49	1.37
Packard	1.87	2.22	2.02	1.15	1.32	1.59	1.24	.70	.76
Studebaker	3.07	4.10	4.12	4.24	4.06	3.80	2.81	1.73	1.50
Willys	.59	.61	.59	.54	.51	.99	.74	.31	.12
Miscellaneous	.10	1.28	.49	.41	.58	.83	.54	.51	.63
GRAND TOTAL—U.S.	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Source: *Automotive News.*

Things seemed pretty stable up to 1954. The independents had a little less than their 1941 shares except Nash which had more, but on the whole the independents did not seem to be in danger. In the fall of 1953, however, in a bid for industry leadership Ford increased output rapidly. The Ford share of the market began to grow, and in January, 1954, Ford offered the first short-stroke, overhead-valve V8 engine in the low-price market. With this superior product and plenty of capacity to produce it, Ford approached the Number One position. Ford raised its market share from 19.45 percent to 25.30 percent, a remarkable achievement. Chevrolet, however, maintained its position, rising from 23.39 percent to 25.61 percent. Ford claimed victory on the basis of adjusted figures, eliminating cars purchased by the companies themselves and by their dealers. Chrysler Corporation suffered badly in all its lines, chiefly because of the old Chrysler formula of putting function before style. Chrysler products had more favorable interior dimensions than other cars, were easier to get into and out of, and repeatedly were given high quality ratings by *Consumer Reports* on account of superior handling ability. However, they looked boxy, short, and tall, and did not sell well. From 1953 to 1954 the Chrysler Corporation share of the market dropped from 20.31 percent to 12.90 percent.

A similar or worse beating was taken by the independents, who were much more vulnerable financially. The year 1954 saw Kaiser-Frazer and Willys, newly merged, practically squeezed out of the market. As late as 1948 Kaiser-Frazer had been the world's fourth largest automobile producer with 4.76 percent of the United States market! Hudson, Studebaker, and Nash suffered, too. One reason was that the independents had not quite lived up to their prewar traditions as innovators. They were caught in the vicious circle of not having enough money to innovate and not making enough money because of lack of innovation. They were not even good imitators. Apart from Studebaker none of them had a short-stroke, valve-in-head V8 engine to offer by 1954, even in higher-priced lines. In a desperate attempt to escape the vicious circle they merged pair by pair. The year 1954 saw the formation of American Motors and the Studebaker-Packard Corporation. The former ruthlessly abandoned the unusually rigid and durable step-down Hudson produced since 1947 and concentrated on the stylish Nashes, some of which are now labeled "Hudson." As for the V8 situation, American Motors made arrangement with Studebaker-Packard Corporation to the effect that the new Packard V8 engine is supplied on the higher-priced Hudsons and Nashes. Studebaker-Packard has done nothing similar; their two makes are in different size and price classes. But it is hoped that pooling of engineering and research will give results. So far, however, the independents have failed to increase their share in 1955.

Financially, the independents are still far from safe. Table 4 shows the disastrous effect upon profit rates of the 1954 drop in market shares: all independents had negative net profits, and Chrysler was down at 1.8 percent of assets. The 1955 picture is not complete yet, but first-half profit rates are somewhat better. Studebaker-Packard is still unable to show profits, however. And one may well ask what a poor year would look like from the point of view of the independents if a record year like 1955 looks like Table 4. Automation is hoped to improve earnings, but automation requires even higher output volume to pay its way. Also, the guaranteed-annual-wage trend increases overheads and again pushes the break-even point to the right. All in all, the crisis of the independents is not over. Only to Chrysler does the 1954 nightmare seem a thing of the past.

TABLE 4. FINANCIAL RESULTS OF FIVE AUTOMOBILE MANUFACTURING COMPANIES

Company	Assets 12/31/1954 (millions)	Net profit (millions)		Net profit as percent of assets	
		1954	1955 1st Half	1954	1955 1st Half[a]
General Motors	$5,130.1	$806.0	$661.0	15.7	25.8
Chrysler	1,034.6	18.5	70.0	1.8	13.5
American Motors	266.7[b]	−11.1	0.9	−4.2	0.7
Studebaker-Packard	245.8	−26.2	−9.6	−10.6	−7.8
Kaiser Motors	81.5	−35.5	1.2[c]	−43.5	5.9

[a] Adjusted to annual basis.
[b] As of September 30, 1954, end of fiscal year.
[c] Quarter ended March 31, 1955.

Sources: *Fortune Directory of the 500 Largest U. S. Industrial Corporations*, Supplement to *Fortune*, July, 1955; and Standard and Poor Corporation.

LOCAL ILLINOIS DEVELOPMENTS

August brought a sharp rise to the Illinois economy, with most indicators recovering all of the seasonal loss suffered a month earlier. Coal production bounced back with the greatest force, jumping 27 percent over July. Important gains were also recorded by steel, electric power, construction, department store sales, and life insurance sales.

The August spurt brought most indexes well above their corresponding 1954 levels. Construction contracts awarded were half again as large, and steel output and petroleum production were more than 35 percent greater. A rise of 10 to 30 percent was also reported for business loans at large Chicago banks, bank debits throughout the State, electric power, coal, and life insurance sales.

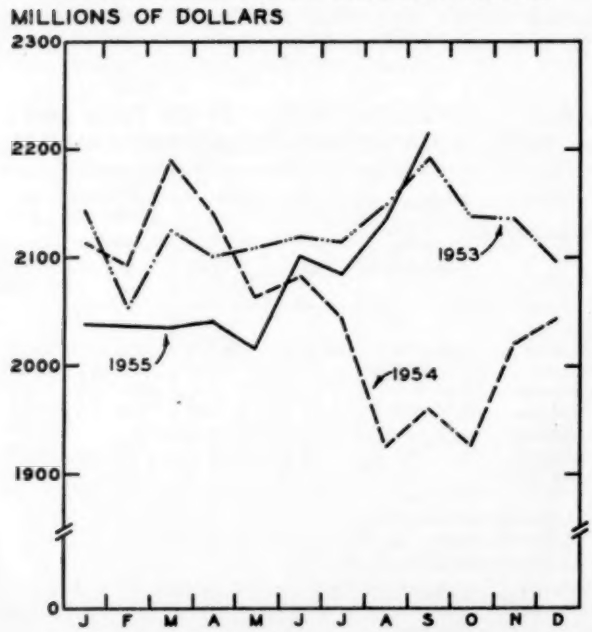
New Record for Business Loans

Seasonal needs on top of booming business pushed business loans at leading Chicago banks to a new high in September, topping $2.2 billion. The total outstanding at midmonth was nearly 10 percent above the May low this year and 13 percent above the year-ago level. As may be seen in the accompanying chart, the 1955 rise is sharply in contrast to the movement a year ago and very much stronger than that of 1953.

Both inventory accumulation and the high level of consumer spending are behind the gains. Agricultural processing firms and commodity dealers have greatly increased their borrowings to handle the harvest. Bank loans to sales finance companies have also shown a sharp rise this fall, in contrast to a drop last year when consumers were not so confident. Borrowings of trade concerns show preparations for the Christmas rush, and those of most other types of business reflect the buoyancy of business throughout the nation.

In coming months, stock-building and high sales will continue to buttress further seasonal demands for loans. In addition, auto sales are continuing at a rapid rate, with no noticeable slack resulting from model changeovers. This year, too, a new factor will enter the picture, with businesses in general borrowing to meet some of their 1955 Federal tax liabilities in the last half of this year.

BUSINESS LOANS BY CHICAGO BANKS



Source: Federal Reserve Bank of Chicago.

Growth of Shopping Centers

Expanding residential areas and lack of downtown parking facilities have resulted in a surge of construction in Illinois. Modern shopping centers are springing up throughout the State. Many industrial communities already boast such developments and more have projects under way.

Prior to the construction of a shopping center a detailed economic analysis of the proposed area is generally undertaken. Both the primary and hinterland trading areas are examined as to recent and anticipated population growth, area income, stores already in operation or under construction, and the ease of transportation to existing stores compared with the proposed stores. From this study both the types and the sizes of stores needed can be determined.

Construction, real estate, and retail firms have all taken part in the initiation of such projects. The Village Market in LaGrange Park, for example, was built by a contractor in conjunction with an apartment development housing 350 families. In Decatur a large project called the Fairview Shopping Center has been started under the direction of a leading realtor in the area. In Chicago many of the large department stores have initiated developments in an effort to regain suburban business lost because of traffic and congestion downtown.

The northern part of the State, specifically the Chicago area, accounts for the majority of projects because of the population concentration. About 25 such centers are in operation or in process in the immediate area, more than a third of which are in the city proper as opposed to suburbs and outlying districts. Beyond the suburban fringe many of the industrial cities have shopping centers of their own. In Waukegan a center is being constructed near new residential developments in the northeastern section of town; its variety, household, apparel, and food stores will serve more than 6,000 persons in that area. Construction is nearing completion on a development in Aurora. Joliet has five shopping centers, all on the western side of town where most of the recent development has taken place. Although there are no shopping centers in Elgin as yet, at least three are under consideration to meet the expanding needs of that community. Kankakee expects to open its Meadowview Shopping Center this month; its primary market consists of the northern part of the city and the northern suburbs. In Rockford two centers are already in operation, three are under construction, and two more are planned.

Central Illinois also has its share of shopping centers. In addition to the Fairview project mentioned above, at least two other sites are under consideration in Decatur. There is only one shopping center in Peoria, the Sheridan Village center consisting of 21 stores. In rapidly growing west Champaign two shopping centers are planned for construction next spring, and possibly a third one as well.

In Carbondale three centers are developing around the city, two in newer residential areas and one near the expanding Southern Illinois University. East St. Louis also has one center in operation, and another is under construction.

COMPARATIVE ECONOMIC DATA FOR SELECTED ILLINOIS CITIES

August, 1955

	Building Permits[1] (000)	Electric Power Consumption[2] (000 kwh)	Estimated Retail Sales[3] (000)	Department Store Sales[4]	Bank Debits[4] (000,000)	Postal Receipts[5] (000)
ILLINOIS	**$56,604**[a]	**1,048,008**[a]			**$13,638**[a]	**$13,655**[a]
Percentage change from July, 1955	+87.7	+5.5		+12	+2.8	+21.7
Percentage change from Aug., 1954	+94.3	+15.2		+5	+11.0	+6.3
NORTHERN ILLINOIS						
Chicago	**$41,835**	**780,536**			**$12,432**	**$11,990**
Percentage change from July, 1955	+129.0	+3.9		+12	+3.0	+23.0
Percentage change from Aug., 1954	+92.7	+13.3		+4	+10.4	+6.5
Aurora	**$4,069**	n.a.			**$ 53**	**$ 115**
Percentage change from July, 1955	+705.7			+9	−3.9	+10.5
Percentage change from Aug., 1954	+611.4			+5	+18.3	+9.9
Elgin	**$ 373**	n.a.			**$ 35**	**$ 94**
Percentage change from July, 1955	−27.7			+22	−1.9	+51.3
Percentage change from Aug., 1954	−41.2			+4	+18.7	+1.2
Joliet	**$ 396**	n.a.			**$ 68**	**$ 91**
Percentage change from July, 1955	−58.5			+9	−0.6	+28.7
Percentage change from Aug., 1954	−27.1			+8	+19.0	+12.9
Kankakee	**$ 72**	n.a.			n.a.	**$ 35**
Percentage change from July, 1955	−66.0			n.a.		+3.6
Percentage change from Aug., 1954	−48.2					−1.1
Rock Island-Moline	**$ 944**	**22,446**			**$ 86**[b]	**$ 141**
Percentage change from July, 1955	+32.8	−1.6		n.a.	−3.9	+18.9
Percentage change from Aug., 1954	+6.9	+24.9			+15.1	−12.7
Rockford	**$1,538**	**37,022**			**$ 156**	**$ 168**
Percentage change from July, 1955	−5.0	+8.3		−15[c]	−4.1	+1.5
Percentage change from Aug., 1954	−2.7	+27.9		+8[c]	+21.9	+1.7
CENTRAL ILLINOIS						
Bloomington	**$ 314**	**7,988**			**$ 60**	**$ 116**
Percentage change from July, 1955	+54.7	+14.6		n.a.	−0.3	+51.6
Percentage change from Aug., 1954	−31.1	+21.1			+13.9	+63.6
Champaign-Urbana	**$ 574**	**10,301**			**$ 60**	**$ 81**
Percentage change from July, 1955	+1.2	+8.7		n.a.	−3.0	+19.1
Percentage change from Aug., 1954	+218.9	+26.3			+33.5	+11.3
Danville	**$ 389**	**11,027**			**$ 49**	**$ 55**
Percentage change from July, 1955	+25.9	+0.5		+11	−6.4	−0.6
Percentage change from Aug., 1954	+418.7	+21.7		+15	+20.0	+3.5
Decatur	**$2,462**	**31,439**			**$ 110**	**$ 110**
Percentage change from July, 1955	−9.9	+7.1		+3[c]	−2.8	+27.2
Percentage change from Aug., 1954	+409.7	+27.9		+5[c]	+34.8	+0.8
Galesburg	**$ 612**	**8,467**			n.a.	**$ 32**
Percentage change from July, 1955	+96.2	+11.0		n.a.		+8.5
Percentage change from Aug., 1954	+47.1	+26.6				+2.9
Peoria	**$1,118**	**56,458**[c]			**$ 208**	**$ 225**
Percentage change from July, 1955	−25.0	+20.5		+22[c]	+2.9	+15.9
Percentage change from Aug., 1954	+122.7	+22.7		+13[c]	+16.2	+9.7
Quincy	**$ 196**	**10,285**			**$ 39**	**$ 63**
Percentage change from July, 1955	−74.5	+25.1		+20	+4.8	+12.0
Percentage change from Aug., 1954	+4.8	+11.8		−1	+13.4	−10.0
Springfield	**$ 643**	**34,637**[c]			**$ 112**	**$ 198**
Percentage change from July, 1955	+58.4	−0.2		n.a.	+7.1	−10.1
Percentage change from Aug., 1954	+151.2	+13.2			+18.6	−2.3
SOUTHERN ILLINOIS						
East St. Louis	**$ 405**	**14,539**			**$ 131**	**$ 65**
Percentage change from July, 1955	+35.9	+20.6		n.a.	+15.0	−3.3
Percentage change from Aug., 1954	+226.6	+7.1			+4.2	+1.9
Alton	**$ 165**	**14,870**			**$ 38**	**$ 29**
Percentage change from July, 1955	+8.6	+15.5		n.a.	+1.0	+0.8
Percentage change from Aug., 1954	+43.5	+14.0			+14.2	+7.5
Belleville	**$ 499**	**7,993**			n.a.	**$ 47**
Percentage change from July, 1955	+272.4	+24.2		n.a.		+22.6
Percentage change from Aug., 1954	+75.7	+19.8				+9.6

[a] Total for cities listed. [b] Includes East Moline. [c] Includes immediately surrounding territory. n.a. Not available.

Sources: [1] U. S. Bureau of Labor Statistics. Data include Federal construction projects. [2] Local power companies. [3] Data for July are not available. [4] Research Departments of Federal Reserve Banks in Seventh (Chicago) and Eighth (St. Louis) Districts. Department store sales percentages rounded by original sources. [5] Local post office reports.

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INDEXES OF BUSINESS ACTIVITY

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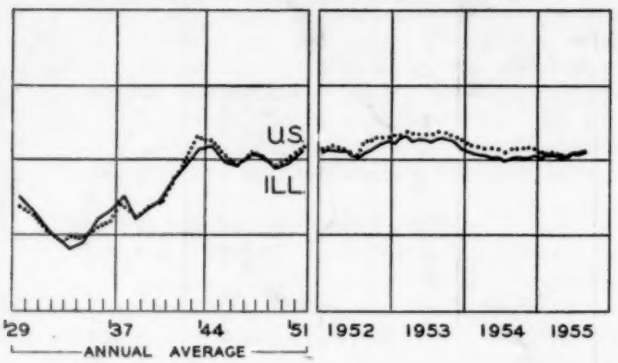
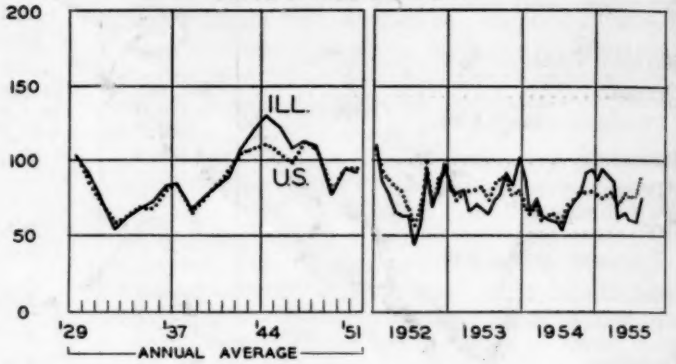
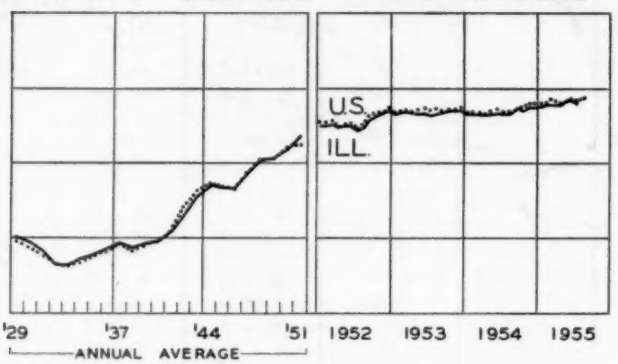


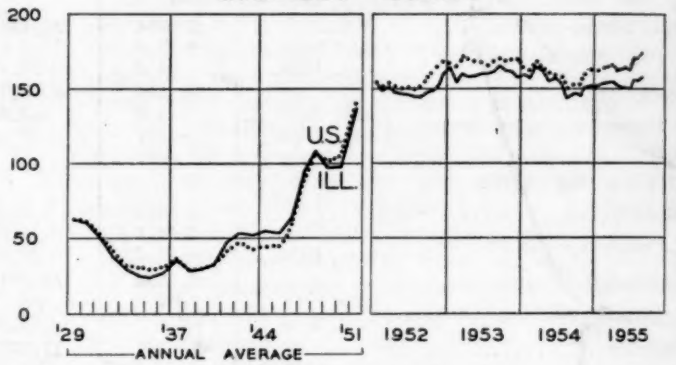
COAL PRODUCTION



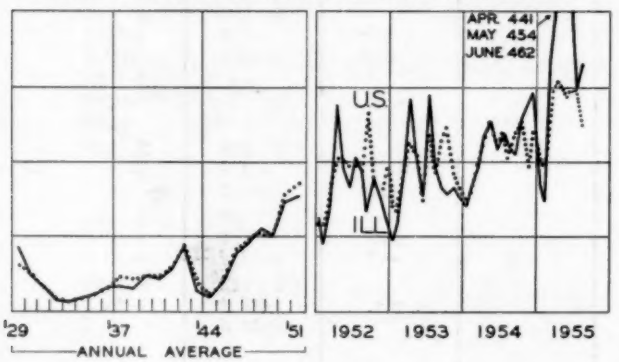
AVG. WKLY. EARNINGS — MANUFACTURING



BUSINESS LOANS



CONSTRUCTION CONTRACTS AWARDED



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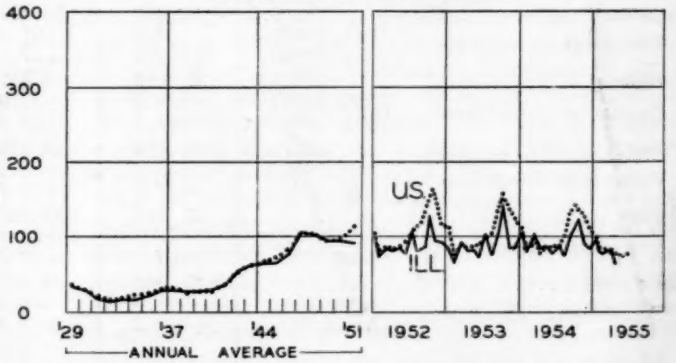
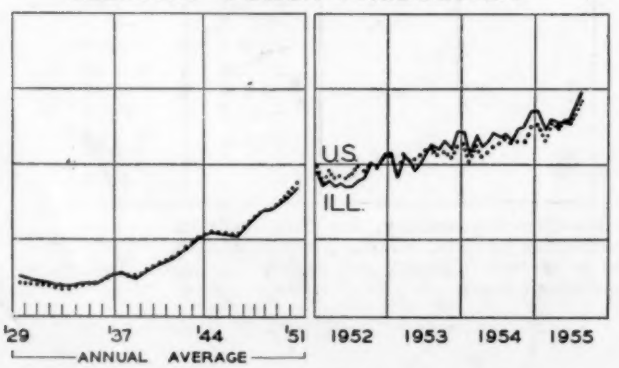
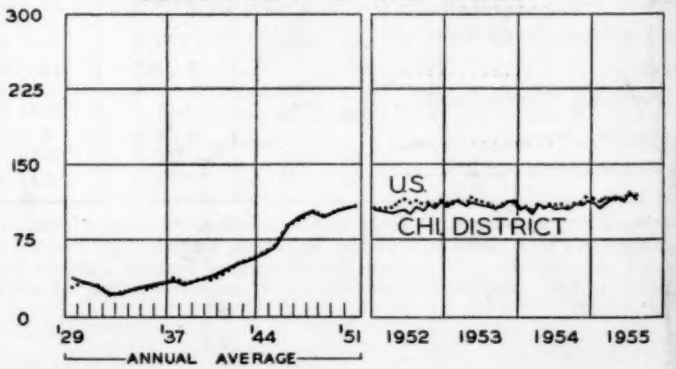


ELECTRIC POWER PRODUCTION



DEPARTMENT STORE SALES